If you have questions on these or any other matters, please call Jeff Tallman at 602-315-6333 for a confidential review of your current situation.

What's covered under condominium insurance?

If you're thinking of buying a condominium, you'll likely have to join a condominium association. These associations have insurance, but what do they cover? Basically, the association's insurance covers the condominium building, commonly owned property and liability for the association.

But that insurance does not cover losses to your unit, such as those resulting from a burglary or water damage. It also won't provide liability coverage for injuries in you unit, such as if someone slips on your bathroom floor. That's why you'll want to consider a condominium insurance policy from a reputable insurance company. This coverage can protect you from losses to your personal property and the interior of your unit, and it will provide you with liability protection for bodily injury or property damage to others.

As you consider condominium insurance, keep in mind that virtually everything you put in your condo, including furniture, personal items and so on, is your responsibility. You need to know the total value of these belongings so you can get the appropriate amount of coverage. If you are applying for a mortgage on your condominium, your lender will probably require proof of insurance. If you pay cash or own the unit free and clear, it's still a good idea to have adequate condominium insurance coverage.

OVERVIEW OF THE TAXPAYER RELIEF ACT OF 1997: Primary Residence, Internal Revenue Code 121 (Replaced IRC code 1034):

- Couples filing a joint tax return can exclude up to $500,000 of gain on the sale of their principal residence, and single filers can exclude up to $250,000
- New rates and rules effective for dispositions on or after May 7, 1997
- Home must have been the primary residence of both spouses for 2 of the last 5 years
- $500,000 exclusion available once every 2 years
- Vacation homes and second homes do not qualify

What is a 1031 exchange? A 1031 exchange is a tax-deferred exchange of "like kind" INVESTMENT property which is held for investment or for productive use in a trade or business. Section 1031 of the Internal Revenue Code provides one of the best tax strategies for deferring the capital gain tax that would ordinarily be assessed on the sale of investment property. By utilizing an exchange to defer the capital gain tax, the property owner has substantially more equity to reinvest in a replacement property. Rental or investment property owners can accomplish virtually any investment objective with tax deferred exchanges including:
1) greater leverage, 2) diversification, 3) consolidation, 4) cash flow, 5) management relief, and 6) increased depreciation.